



SACHI A. HAMAI
Interim Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

"To Enrich Lives Through Effective And Caring Service"

Board of Supervisors
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Fifth District

May 19, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

14 May 19, 2015


PATRICK O'QUINN
ACTING EXECUTIVE OFFICER

**LEASE AMENDMENT
DEPARTMENT OF PUBLIC SOCIAL SERVICES
5200 WEST CENTURY BOULEVARD, LOS ANGELES
(FOURTH DISTRICT)
(3 VOTES)**

SUBJECT

A five-year lease amendment for 50,147 square feet of office space and 205 on-site parking spaces for the Department of Public Social Services.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Mayor to sign the five-year lease amendment with 5200 West Century Fee, LLC (Lessor). The lease amendment will be effective upon approval by the Board of Supervisors and will provide the Department of Public Social Services 50,147 square feet of office space and 205 on-site parking spaces. The maximum annual total lease cost consists exclusively of the annual rent of \$1,173,440. The lease costs are 91 percent funded by federal and State revenue and 9 percent net County cost.
3. Authorize the Interim Chief Executive Officer and the Director of Public Social Services to proceed with the lease amendment upon approval by the Board of Supervisors.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since 1999, the Department of Public Social Services (DPSS) has provided Greater Avenues for Independence (GAIN) employment related services from the subject facility to the residents of West Los Angeles and surrounding communities. The current lease term expired on December 14, 2014, and is currently on month-to-month holdover. The proposed lease amendment will provide premises upgrades funded by 5200 West Century Fee, LLC (Lessor) and the uninterrupted delivery of GAIN services and programs to the target population.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services; and the Goal of Community Support and Responsiveness (Goal 2) directs that we enrich lives of Los Angeles County residents by providing enhanced services, and effectively planning and responding to economic, social, and environmental challenges. The proposed lease amendment supports these goals with a facility to support DPSS employment related services. The proposed amendment is in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The initial annual total lease cost consists exclusively of the annual rent of \$1,173,440. Sufficient funding for the proposed lease amendment is included in the Fiscal Year (FY) 2014-15 Rent Expense budget and will be charged back to DPSS. DPSS has sufficient funding in its FY 2014-15 operating budget to cover the projected lease costs, which are 91 percent federal and State funded and 9 percent net County cost. Attachment B is an overview of the lease costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed amendment to the full-service gross lease will provide DPSS with 50,147 square feet of office space and 205 on-site parking spaces included in the base rent. The amendment includes the following provisions:

- A five-year term that will commence upon approval by the Board of Supervisors.
- The Lessor will provide a maximum of \$100,000 to fund premises upgrades.
- The Lessor will continue to be responsible for all operating costs associated with the County's occupancy.
- The County will have the right to cancel the lease at or any time after 30 months of the lease term upon 180 days prior written notice.
- The annual rent will be subject to 3 percent fixed annual adjustment.

The Chief Executive Office (CEO), Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Based upon the survey, staff has established that the annual rental range for similar space is between \$21.60 and \$28.20 per square foot on a full-service gross basis, including parking. Therefore, the proposed annual rental rate of \$23.40, including parking, is in the lower range of the full-service gross market rates for this area. Attachment C shows all County-owned and leased facilities within a five-mile radius of the subject facility and there are no suitable County-owned or leased facilities available for the program.

Notification letters have been sent pursuant to Government Code Sections 25351 and 65402. The Department of Public Works inspected the facility and has found it suitable for County occupancy and the Lessor has ensured path of travel requirements have been or will be met. Additionally, a childcare facility is not feasible for the department at the proposed leased premises.

DPSS programs are most effective when located in the same geographic area as its consumers, providers, and stakeholders. The existing DPSS facility will continue to provide a central location consistent with the County's Facility Location Policy adopted by the Board of Supervisors on July 24, 2012, as outlined in Attachment D.

ENVIRONMENTAL DOCUMENTATION

The CEO concluded that this project is exempt from the California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

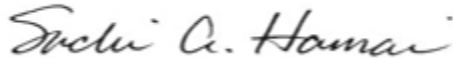
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will allow DPSS to provide uninterrupted programs and services from the subject facility. DPSS concurs with this recommendation.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors, return two originals of the executed amendment and the adopted stamped Board letter and two certified copies of the Minute Order, to the CEO, Real Estate Division, 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012.

Respectfully submitted,

A handwritten signature in cursive script, reading "Sachin A. Hamai".

SACHI A. HAMAI

Interim Chief Executive Officer

SAH:TT:CMM

TS:MM:gw

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Public Social Services

**DEPARTMENT OF PUBLIC SOCIAL SERVICES
5200 WEST CENTURY BOULEVARD**

Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ² DPSS will utilize the building exclusively for the GAIN employment assistance program serving West Los Angeles and surrounding communities.		X	
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ² 313 sq. ft. per person. The space includes public service and administrative space.		X	
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ²	X		
	F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ²	X		
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program? 91% State and federal subvention.		X	
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment C?	X		
	G	Was build-to-suit or capital project considered? ² Insufficient funds and the time needed to locate and improve an alternate facility, even if one were available.		X	
3.	<u>Portfolio Management</u>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?			X
	D	Why was this program not co-located?			X
		1. ____ The program clientele requires a "stand alone" facility.			
		2. <u>X</u> No suitable County occupied properties in project area.			
		3. <u>X</u> No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. ____ The Program is being co-located.			
	E	Is lease a full service lease? ²	X		
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
¹ As approved by the Board of Supervisors 11/17/98					
² If not, why not?					

**FISCAL IMPACT/FINANCING
OVERVIEW OF PROPOSED LEASE**

5200 WEST CENTURY BOULEVARD	EXISTING LEASE	PROPOSED AMENDMENT	CHANGE
Area (square feet)	50,147	50,147	None
Term	Five years	Five years	+Five years
Annual Base Rent	\$1,066,219 (\$21.26/sq. ft.)	\$1,173,440 (\$23.40/sq. ft.)	+\$107,221 (\$2.14/sq. ft.)
Maximum Annual Lease Cost	\$1,066,219 (\$21.26/sq. ft.)	\$1,173,440 (\$23.40/sq. ft.)	+\$107,221 (\$2.14/sq. ft.)
Cancellation	Any time after 30 months upon 180 days prior written notice	Any time after 30 months upon 180 days prior written notice	None
Parking (included in rent)	205 on-site parking spaces	205 on-site parking spaces	None
Option to Renew	One five-year option	None	-One five-year option
Annual Base Rental Adjustment	4% fixed	3% fixed	-1% annual adjustment

- The Lessor will provide a maximum of \$100,000 to fund premises upgrades.

**DEPARTMENT OF PUBLIC SOCIAL SERVICES
5200 WEST CENTURY BOULEVARD**

Five-mile radius search from 5200 West Century Boulevard, Los Angeles

LACO	FACILITY	ADDRESS	USE	OWNERSHIP	GROSS SQFT	NET SQFT	AVAILABLE SQFT
A437	DCFS-WATERIDGE (SPA 6)	5100 W GOLDLEAF CIR BUILDING C, LOS ANGELES 90056	OFFICE	LEASED	52,370	46,086	NONE
A436	DPSS-EXPOSITION PARK FAMILY SERVICE CENTER	3833 S VERMONT AVE, LOS ANGELES 90037	SERVICE CENTER	LEASED	127,511	110,500	NONE
C740	DPSS-FLORENCE AP DISTRICT OFFICE	1740 E GAGE AVE, LOS ANGELES 90001	OFFICE	OWNED	60,000	28,601	NONE
Y150	EXPOSITION PARK BUILDING & PARKING STRUCTURE	3965 S VERMONT AVE, LOS ANGELES 90037	OFFICE	OWNED	66,484	55,228	NONE
X301	LOS ANGELES AIRPORT COURTHOUSE	11701 S LA CIENEGA BLVD, LOS ANGELES 90045	COURT	FINANCED	292,000	157,380	NONE
A242	DPSS-MEDICAL INGLEWOOD OFFICE/PUBLIC HEALTH	9800 S LA CIENEGA BLVD, INGLEWOOD 90301	OFFICE	LEASED	54,722	51,986	NONE
A378	DPSS-AIRPORT/WESTSIDE GAIN REGION I OFFICE	5200 W CENTURY BLVD, WESTCHESTER 90045	OFFICE	LEASED	50,147	47,640	NONE
A614	DPSS-SOUTHWEST SPEC DIST (VERMONT VILLAGE)	1819 W 120TH BLVD, LOS ANGELES 90047-5102	OFFICE	LEASED	88,546	84,119	NONE
6330	INGLEWOOD COURTHOUSE	1 E REGENT ST, INGLEWOOD 90301	COURT	STATE/COUNTY	140,673	89,483	NONE
X349	CENTURY REGIONAL JUSTICE CENTER COURT(CLOSED)	11701 S ALAMEDA ST, LYNWOOD 90262	OFFICE	FINANCED	62,078	53,480	NONE
A643	SOUTH L.A. COUNTY ADMINISTRATION BUILDING	8300 S VERMONT AVE, LOS ANGELES 90044	OFFICE	LEASED	210,000	195,501	NONE
5721	DPSS-SOUTH CENTRAL AP DISTRICT OFFICE	10728 S CENTRAL AVE, LOS ANGELES 90002	OFFICE	OWNED	51,991	32,463	NONE
A551	DPSS-WFP&I & SOUTH REG IV IHSS/ADULT SERVICES	12000 HAWTHORNE BLVD, HAWTHORNE 90250	OFFICE	LEASED	132,996	106,397	NONE
6420	COMPTON COURTHOUSE	200 W COMPTON BLVD, COMPTON 90220	COURT	STATE OF CALIFORNIA	576,466	257,217	NONE

FACILITY LOCATION POLICY ANALYSIS

Proposed Lease: A five-year lease amendment for the Department of Public Social Services (DPSS) – 5200 West Century Boulevard, Los Angeles – 4th District – Option to cancel after 30 months (2.5 years).

A. Establish Service Function Category – Regional and local service function

B. Determination of the Service Area – Since 1999, the Department of Public Social Services (DPSS), has provided Greater Avenues to Independence (GAIN), employment related services from the subject facility to the residents of West Los Angeles and surrounding communities. The lease for 50,147 square feet of office space expired on December 14, 2014, and is currently on month-to-month holdover. DPSS/GAIN desires to continue its tenancy at the subject facility.

The proposed amendment will provide premises upgrades at no additional cost to the County. It will also allow for the uninterrupted delivery of GAIN services and programs to the target population.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: DPSS programs are most effective when located in the same geographic area as its consumers, providers, and stakeholders.
- Need for proximity to existing County facilities: N/A
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: The surrounding area is in the process of improving existing facilities and new in-fill development.
- Proximity to public transportation: The location at the southwest corner of Century Boulevard and La Cienega Boulevard is adequately served by transit services and is within close proximity to the 405 freeway.
- Availability of affordable housing for County employees: The surrounding area provides affordable rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no existing County buildings available to meet the Department's service needs.

- Compatibility with local land use plans: Notification letters have been sent to the City of Los Angeles pursuant to Government Code Sections 25351 and 65402. The Department of Public Works inspected the facility and found it suitable for County occupancy.
- Estimated acquisition/construction and ongoing operational costs:
The maximum annual total lease cost consists exclusively of the annual base rent of \$1,173,440. The Lessor will remain responsible for all operating costs associated with the County's occupancy pursuant to the underlying lease.

Sufficient funding for the proposed lease is included in the Fiscal Year (FY) 2014-15 Rent Expense budget and will be billed back to the department. DPSS has sufficient funding in its FY 2014-15 operating budget to cover the projected lease costs which are 91 percent funded by federal and State revenue and nine percent net County cost.

D. Analyze results and identify location alternatives - Based upon the space and service needs of DPSS, CEO Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Based upon the survey, staff has established that the annual rental range for similar space is between \$21.60 and \$28.20 per square foot on a full-service gross basis, including parking. Therefore, the proposed annual rental rate of \$23.40, including parking, is in the lower range of the full-service gross market rates for this area.

E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost and other Location Selection Criteria - DPSS is unable to pursue alternate space of similar cost within proximity to the service population. Given the foregoing, the Lessor will provide a maximum of \$100,000 to fund premises upgrades. The existing DPSS facility will continue to provide a location consistent with the County's Facility Location Policy adopted by the Board of Supervisors on July 24, 2012.

**AMENDMENT NO. 2 TO LEASE NO. 71823
5200 WEST CENTURY BOULEVARD, LOS ANGELES**

THIS AMENDMENT NO. 2 to LEASE NO. 71823 ("Amendment No. 2") is made, entered and dated as of this fifth day of May, 2015, by and between 5200 WEST CENTURY FEE, LLC, a Delaware limited liability company ("Lessor"), and the COUNTY OF LOS ANGELES, a body corporate and politic ("Lessee").

RECITALS

WHEREAS, a Lease by and between Arden Realty Limited Partnership, as Lessor, and the County of Los Angeles as Lessee was executed October 20 1998 (the "Lease"), pursuant to which Lessor leased to Lessee those certain Premises located at 5200 West Century Boulevard, Los Angeles, California, consisting of approximately 50,147 rentable square feet of office space and 175 on-site structured parking spaces, (the "Premises") and;

WHEREAS, 5200 West Century Fee, LLC, is the lawful successor-in-interest to Arden Realty Limited Partnership, and retains all rights and responsibilities granted as a result thereof, and;

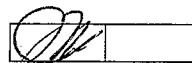
WHEREAS, Amendment No. 1, amended the Lease to extend the term for an additional five years (the "First Option Term"), increased the rent, increased the number of parking spaces to 205, provided fixed annual rental adjustments, a Lessee cancellation right, and an additional option to renew the Lease term and improved the Premises for the County's use and;

WHEREAS, Lessor and Lessee desire to, among other matters, amend the Lease to extend the term for an additional five years, increase the rent and upgrade the Premises for the County's use, and;

WHEREAS, Lessor acknowledges that the terms of this Amendment No. 2, will not become effective until such time that said Amendment is approved and caused to be executed by the Board of Supervisors of the County of Los Angeles ("Board of Supervisors"),

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and the rents, covenants and agreements herein contained, Lessor and Lessee hereby covenant and agree as follows:

1. **TERM:** Paragraph 2A, ORIGINAL TERM, is hereby amended such that upon adoption of this Amendment No. 2, by the Board of Supervisors, (the "Commencement Date"), the term of this Lease shall end five years thereafter (the "Second Option Term"), unless cancelled or otherwise terminated in accordance with the provisions of this Lease.



2. **RENT:** Paragraph 3, RENT, is hereby deleted and the following is substituted therefor:

Lessee hereby agrees to pay as rent during the Second Option Term the sum of \$97,786.65 per month, i.e., \$1.95 per rentable square foot per month, payable in advance by Auditor's General Warrant. The first full calendar month's rent shall be due and payable within 30 days of the Commencement Date. A monthly installment in the same amount shall be due and payable without demand on or before the first day of each calendar month succeeding the Commencement Date during the Term, except that Rent for any fractional calendar month at the commencement or end of the Option Term shall be prorated on a daily basis, provided that Landlord shall file a payment voucher with the Auditor of the County of Los Angeles (the "County") for the monthly Rent prior to the Commencement Date for the initial month(s) of the Term up to and including June, and annually thereafter in June for the ensuing 12 months.

3. **CANCELLATION:** Paragraph 5, CANCELLATION, as amended is hereby deleted and the following is substituted therefor:

Lessee shall have the right to cancel this Lease Amendment No. 2, at or any time after thirty (30) months of this Option Term by giving Lessor not less than one-hundred-eighty (180) days prior written notice by Chief Executive Office letter. In the event Lessee cancels this Lease, Lessee shall reimburse Lessor the unamortized cost of the Preparation of Premises work paid by Lessor.

4. **RENTAL ADJUSTMENT:** Paragraph 28, RENTAL ADJUSTMENT, is hereby deleted and the following is substituted therefor:

From and after the first anniversary of the Commencement Date, on the first day of the first full calendar month thereafter (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, the rent shall be adjusted as set forth below.

Months 1-12	\$97,786.65
Months 13-24	\$100,720.25
Months 25-36	\$103,741.86
Months 37-48	\$106,854.11
Months 49-60	\$110,059.74

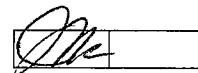
5. **PREPARATION OF PREMISES:** Paragraph 33, is hereby added to the Lease as follows:

Lessee shall complete the work described hereinafter and any other work it deems necessary for beneficial occupancy consistent with the terms and conditions of the Lease as amended ("Premises Work"). The Premises Work shall meet all applicable building codes, regulations and ordinances required for beneficial occupancy before the improvements shall be deemed complete.

Within 30 days of the date Lessor is notified in writing that the Board of Supervisors has approved and caused this Amendment No. 2 to be executed,

Lessee shall commence to upgrade the Premises pursuant to Lessee's plans and specifications, subject to Lessor's written approval which approval shall not be unreasonably withheld, conditioned or delayed. Within five (5) business days after Lessor's receipt of Lessee's plans and specifications, Lessor shall provide Lessee its written approval. Lessor's contribution to Premises Work shall not exceed one-hundred-thousand dollars (\$100,000). Any remaining funds shall be available to be used by Lessee, at its sole discretion, only for improvements to the Premises, at any time during the term, and not for conversion to free rent or rent credit.

6. Wherever a conflict exists between the terms or conditions of this Amendment No. 2, and the original Lease, the terms and conditions of Amendment No. 2 shall prevail. All other terms and conditions of the Lease remain unchanged and are hereby reaffirmed in full force and effect.



IN WITNESS WHEREOF, the Landlord has executed this Amendment No. 2 to Lease No. 71823, or caused it to be duly executed, and the County of Los Angeles has caused this Amendment to be executed by the Board of Supervisors and attested by the Clerk thereof the day, month, and year first above written.

I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

PATRICK OGAWA
Acting Executive Officer
Clerk of the Board of Supervisors

By: [Signature]
Deputy



ATTEST:
Patrick Ogawa
Acting Executive Officer-Clerk
of the Board of Supervisors

By: [Signature]
Deputy

MAY 19 2015

LESSOR:
5200 West Century Fee, LLC

By: [Signature]

By: John Mai, representative

LESSEE:
COUNTY OF LOS ANGELES
a body politic and corporate

By: [Signature]

Michael D. Antonovich
Mayor, Board of Supervisors

APPROVED AS TO FORM:
Mark J. Saladino
County Counsel

By: [Signature]
Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

14 MAY 19 2015

[Signature]
PATRICK OGAWA
ACTING EXECUTIVE OFFICER

71823 Supplement No. 2

[Signature]